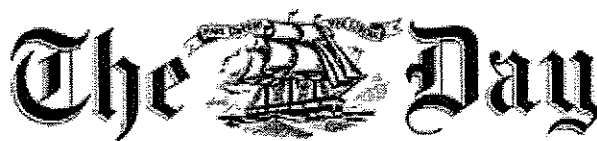


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Time To Boldly Invest In State's Green Future

Time To Boldly Invest In State's Green Future

By Rep. Diana S. Urban

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Is there such a thing as good government spending? Pundits on the right are accused of never encountering government spending that they like, while pundits on the left are accused of never encountering government spending that they don't like.

What is going on here?

In the ancient language of the economist, we are really talking about counter-cyclical fiscal policy. In other words, when faced with a pending recession, do something to "counter" that direction.

"Aggregate demand" is a term to describe the engine that drives our economy. It consists of three components. First, there is consumption, the total amount that consumers spend on goods and services. Secondly we have investment, which is not the stocks and bonds you might think it is, but rather business spending on such capital items as new buildings or computer systems. And, finally, government, running the gamut from spending on pencils to worker training programs to the money necessary to foot the bill in Iraq.

When one of these components is suffering, the hope is that the others will pick up the slack. So let's take a look at the current landscape. Consumer confidence is basically in the toilet. Consumers are showing that they are even afraid to spend on small retail items let alone big-ticket items. The economic recovery plan is to give tax rebates and then expect consumers to magically open their collective pocketbooks and go on a spending spree that will rescue the economy. This is just not realistic. Ask your neighbors what they plan on doing with their "enormous" rebate, and I will bet it is not rush out and spend it all as soon as possible and then keep on spending. Consumption is clearly not going to help us out of this mess.

Investments can be volatile

Well, how about investment to the rescue? Unfortunately investment has the dubious distinction of being the most volatile component of aggregate demand. Businesses are wary of investing unless they see a clear path to receiving a healthy return on that investment. The subprime mortgage debacle along with the lack of consumer confidence paints a gloomy picture for the company contemplating an investment in capital equipment. We are not going to find any white horses here.

So it looks like our last best hope is government spending, that component of aggregate demand that engenders all the arguments. To spend or not to spend, that is the question. (My apologies to Shakespeare.)

I would offer that in times such as these, it is the responsibility of government to restore faith in the system. It is the responsibility of government to be bold and spend on projects that revitalize the economy.

That does not mean cupolas with some politicians' name on it; it means programs for the working poor like the Earned Income Tax Credit, or programs to reduce the amount of student debt upon graduation, or programs to map out a new economy based on renewable energy and green jobs.

Nourish our local farmers

It means programs that recognize that we can no longer accept the fact that food travels an average of 1,500 miles to 3,000 miles from farm to plate while Connecticut loses 9,000 acres of prime farmland every year to sprawl development. We must support and nourish our local farmers for food safety and food security.

It means government investing in programs to turn this economy around. It means recognizing that the state that realizes that the old fossil-fuel based economy is yesterday's news will be positioned to lead our nation into the future. And we need people that are willing to lead us into this new economic future based on a renewable sustainable economy. It is not the time

for a Herbert Hoover type budget. It is the time for brave politicians to lead.

That is why I and six like-minded colleagues have proposed bonding out \$2 billion over 10 years to invest in a bold new program that envisions a Connecticut Department of Clean Energy (formerly the Clean Energy Fund). This new department would have the responsibility for cutting across government agencies and focusing on the result we are trying to achieve: an economy based on smart ideas about energy, infrastructure, green jobs, education, and farms, an economy that recognizes that an investment in the people is an investment in the future.

As my dad always loves to tell me, and a motto that I strive to make my own, the time has come to: "Lead, follow or get out of the way!"

Diana S. Urban lives in North Stonington and is the state representative for that town and Stonington.

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